



CITY OF MELBOURNE'S PURCHASE ASSISTANCE PROGRAM

UNIT ELIGIBILITY

- Must be located in the city limits of Melbourne.
- Can be a new home or an existing home. The assistance may not be used to purchase a mobile home. No unit may have a swimming pool or similar amenity unless purchasing a condominium.
- Property must be owner-occupied or vacant
- Short sales are not permitted UNLESS the seller/lender has already approved the sales price.
- Maximum purchase prices will be based upon the affordability ratios of 34/42.
- When purchasing an existing home, the home must be in need of, or have received in the previous 12 months, code-related repairs. For existing home purchases, C.H.I. will conduct an inspection to identify code-related repairs (such as roof, plumbing & electrical) and/or hurricane mitigation (storm shutters, gutters/downspouts). A clear WDO is required prior to closing.



HOMEBUYER ELIGIBILITY

- Must be a first time home buyers; (not owning a home in previous 3 years). Buyer cannot currently own a home; regardless of location or how home was acquired.
- Must have ability to secure first mortgage financing: Conventional, FHA, and VA loans are all acceptable; 30 year fixed rate. MORTGAGE LOAN MUST BE AT CURRENT MARKET INTEREST RATES. If buyer cannot get a mortgage loan at a current interest rate, C.H.I. will first assist the buyer in repairing credit issues and then would assist the buyer with homeownership.
- Proposed monthly mortgage payment cannot exceed buyer's affordability ratios (front-end 34% / back-end 42%). Contact C.H.I. for these amounts, (321) 253-0053.
- Must attend a 5-hour Homebuyer Education workshop. Contact C.H.I. for next class, (321) 253-0053.
- The City of Melbourne's Housing and Community Development staff reserves the right to deny assistance if it's determined that the applicant is not receiving a fair loan per current market conditions;
- Total income and assets for all household members must not exceed the following limits for family size:

% of Area Median Income (AMI)	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
80%	34,550	39,500	44,450	49,350	53,300	57,250	61,200	65,150



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HOME BUYER'S CONTRIBUTION

- Applicants must make a *MINIMUM GOOD FAITH CONTRIBUTION*, based upon their income bracket:

Household Income Limits:	Minimum Cash Contribution:
Very Low (50% or less of AMI)	\$1,000.00
Low (51% - 80% of AMI)	\$1,500.00

- Households with more than \$10,000.00 in liquid assets must apply those additional assets beyond the \$10,000.00 towards the purchase of their home. No NSF's in prior 6 months.
- Out of Pocket expenses paid before closing are considered as part of the applicant's contribution (i.e. appraisal fees, credit reports, deposits, homeowner's insurance premium, etc.);
- At closing, the minimum contribution must be satisfied on the settlement statement; the buyer cannot receive cash back at closing.
- The lender may require more contribution;



MAXIMUM ASSISTANCE LEVEL:

- Based on HUD's 2017 Income Limits, adjusted to family size.

Household Income Limits:	Down Payment/Closing Costs Assistance	Repair Assistance	MAXIMUM ASSISTANCE
Very Low (50% or less of AMI)	\$12,600	\$5,000	\$17,600
Low (51% - 80% of AMI)	\$10,100	\$5,000	\$15,100

- Please note: The actual amount of assistance provided would be the minimum needed to get you into an affordable housing unit. **WE WILL NOT OVER SUBSIDIZE ANY HOUSEHOLD**
- The assistance funds are made up of down payment, closing costs and rehabilitation assistance.
- The actual amount of repair assistance will be based upon the actual repair costs as determined by obtaining three (3) bids.
- If all of the \$5,000 is not needed for repairs, the remaining balance can be applied towards additional down payment/closing costs assistance, IF needed. **WE WILL NOT OVER SUBSIDIZE ANY HOUSEHOLD.**



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Terms:

- The assistance provided to each homebuyer, at the time of closing, will be in the form of a second mortgage. The second mortgage will be recorded in the Public Records of Brevard County. It is a Deferred Payment Loan (DPL) at zero percent (0%) interest and is forgiven in accordance with the following schedule:

<u>Level of Assistance</u>	<u>Lien Period</u>	<u>Forgiven annually at:</u>
Under \$15,000	5 years	20% per year
Between \$15,000 to \$17,600	10 years	10% per year

- The property must remain the principle residence of the homebuyer for entire lien period (five or ten years).
- Leasing the premises for any period of time is deemed a default.
- Property must be maintained and in good repair.
- Interest is zero percent (0%) on the loan EXCEPT in the case of default, at which time the remaining balance shall accrue interest at five percent (5%).
- Death of the mortgagor: Passing of title due to the death of the mortgagor to other than a spouse or co-mortgagor is deemed a default.

Recapture:

- In addition to repaying the unamortized principal balance of the assistance provided by the City, an owner will be required to pay the City a share of the net proceed (if any) from the sale, proportional to the original amount of assistance received based on the following formula:

$$\text{Percentage of Net Proceeds Due City} = \text{City Subsidy} / \text{Sale Price at time of assistance} \times 100\%$$

e.g. City Subsidy = \$15,000
Sale Price of Home at time of assistance = \$150,000
Percentage of Net Proceeds due City = \$15,000/\$150,000 X 100% = 10%

$$\text{Amount of Net Proceeds Due City when assisted property is sold}$$

e.g. New Sale Price of assisted property = \$175,000
Net proceeds from sale = \$25,000
Pro-rata Share of Net Proceeds Due City = \$25,000 X 10% = \$2,500

Default:

- In the event of default (items noted above under **Terms**) OR the home is sold BEFORE the lien periods specified above are over, then the interest is 5% and the remaining balance must be paid in full to the City of Melbourne.

For further information, contact
Community Housing Initiative, Inc., PO Box 410522, Melbourne, FL 32941-0522
Phone: 321-253-0053 // Fax: 321-253-1575
Website: CHIBrevard.org

